



Commonwealth of Massachusetts
**DEPARTMENT OF HOUSING &
COMMUNITY DEVELOPMENT**

Deval L. Patrick, Governor ♦ Aaron Gornstein, Undersecretary

SELLING YOUR LOCAL INITIATIVE PROGRAM HOME

Dear Local Initiative Program (LIP) Homeowner:

The following is a summary on how to sell your home under the LIP program. *We wish to emphasize that before you may begin the process of selling your LIP unit, your town/city and the Department of Housing and Community Development (DHCD) must review your written request to sell, and issue a written response.*

To begin the review process, please mail the following information to your town/city and DHCD:

- Written notice of your intent to sell.** Your written notice should include your name, the property address and a phone number where you can be reached during the day.
- A complete copy of an **Appraisal Report** for the property, completed by a certified residential appraiser. The home should be appraised as a market rate property and the appraisal report should be no older than 120 days past its completion date.

Please Note: If the current market value of your unit is the same or less than when you originally purchased it, DHCD will not require you to submit an appraisal.

- A clear **color photograph** of the exterior of your LIP unit for posting on the DHCD Affordable Units for Sale web page.

The above documents should be mailed to the following address:

The Department of Housing and Community Development
100 Cambridge Street, Suite 300
Boston, MA 02114
Attn: Division of Housing Development – LIP Program

Please contact your town or city hall for information on who will handle your resale request. You may inquire at the Board of Selectmen's office, the Housing Authority or the Planning Department.

MAXIMUM RESALE PRICE

After receiving notification, your local community will send a response letter within thirty days. (DHCD has 40 days to respond to your letter if your local community does not exercise its right of first refusal). The response letter will state the price for which you may sell your home. This price is called the *Maximum Resale Price*. For a period of 90 days, the community and/or DHCD reserves the right to restrict the sale of the home to a buyer who is income-eligible under the LIP program. This is the *Right of First Refusal period*, and the expiration date of this period is included in the response letter.

During the right of first refusal period, you may sell your home for no more than the Maximum Resale Price. The maximum resale price of your home is calculated by using the formula that appears in your LIP deed rider.

Some deed riders use a discount rate formula - calculated by multiplying your home's current appraised value (as shown on the appraisal report) by the discount rate specified in your LIP deed rider. However, there are LIP deed riders that compare the discount rate formula to an alternative formula, and use which ever formula produces the lesser maximum resale price.

MARKETING THE UNIT

During the right of first refusal period, the local community will market the unit to its list of eligible buyers. For communities that do not maintain such a list, DHCD will assign the market to a resale agent.

DHCD will post information about the resale unit on our web page as well.

THE NEW BUYER

The new buyer must be income eligible under the LIP program. The local community or resale agent will verify eligibility. When the buyer's eligibility has been verified and he/she has received financing, both the seller and the buyer should retain legal counsel and sign a purchase and sale agreement. DHCD must receive a copy of the purchase and sale agreement and the loan commitment for the buyer in order to prepare the closing documents.

If an eligible buyer is not located during the right of first refusal period, you may sell your home without regard to the income level of the buyer. If the home is sold to an ineligible buyer it must be sold at market value as determined by your appraisal. Any proceeds over the Maximum Resale Price will be recaptured by the local community and earmarked for homeownership programs or assisting other eligible buyers. DHCD will release the deed restriction when a LIP home is sold off the program, after approving the terms of the sale.

For more information, please contact Elsa Campbell of DHCD's Division of Housing Development at 617- 573-1321 or elsa.campbell@state.ma.us

